

**DEPARTMENT OF MENTAL HEALTH,  
RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
REPORT ON CONTRACT COMPLIANCE  
FISCAL YEAR ENDED JUNE 30, 2000**

**DEPARTMENT OF ADMINISTRATION  
BUREAU OF AUDITS  
ONE CAPITOL HILL  
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
TEL #: (401) 222-2768  
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DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS

COMMUNITY COUNSELING CENTER, INC.  
REPORT ON CONTRACT COMPLIANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**EXECUTIVE SUMMARY**

Management successfully implemented our recommendations included in our examination of the 1999 contracts.

We had no significant findings to report for the fiscal year ended June 30, 2000 and, as such, contain no recommendations.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
FISCAL YEAR ENDED JUNE 30, 2000

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June 28, 2002

Ms. A. Kathryn Power, Director  
Department of Mental Health, Retardation and Hospitals  
Barry Hall - 2  
600 New London Avenue  
Cranston, RI 02920


Dear Ms. Power:

We have completed an audit of the contracts between the Department of Mental Health, Retardation and Hospitals (MHRH) and Community Counseling Center, Inc., for the fiscal year ended June 30, 2000.

The results of our engagement included herein, have been discussed with management and we have considered their comments in the preparation of our report. Since this report discloses no significant findings and recommendations, no written response is necessary as required by Section 35-7-4 of the General Laws.

We wish to express our appreciation to the officials of the Department of MHRH and to the director and staff members of Community Counseling Center, Inc., for the assistance, cooperation and courtesies extended to us during the course of this engagement.

Sincerely,

  
Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits

SMC:pp

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS

COMMUNITY COUNSELING CENTER, INC.  
FISCAL YEAR ENDED JUNE 30, 2000

**SCOPE AND PURPOSE**

The purpose of this examination was to determine compliance with your department's Rules, Regulations and Standards for Funding of Matching Grant Programs in Community Mental Health Centers to the Matching Grant Contracts and with the terms and conditions contained within the Community Support, Residential and Acute Alternative Services Contracts as to:

- whether revenues were matchable or nonmatchable;
- total matchable revenue used as the basis for funding fiscal year 2002;
- whether reported expenses were allowable and properly allocated;
- whether reported revenues were accurate; and
- any over or under funding on behalf of the Department of Mental Health, Retardation and Hospitals.

Our audit of the financial records included verification of revenues and expenses through testing procedures to the extent we deemed necessary in the circumstances. Occupancy requirements and resident contributions were examined for adherence to contract specifications. Client fund management was reviewed for conformance with applicable policies and guidelines.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS

COMMUNITY COUNSELING CENTER, INC.  
FISCAL YEAR ENDED JUNE 30, 2000

**BACKGROUND**

Section 40.1-8.5-6 of the General Laws of the State of Rhode Island authorizes the Director of the Department of Mental Health, Retardation and Hospitals (MHRH) to make grants to community mental health boards to provide mentally disabled adults services which shall include but not be limited to psychiatric, medical, nursing, psychological, social, rehabilitative and support services provided in the prevention, diagnosis, treatment and follow-up of mental disabilities, and in addition, may include those services designed to prevent mental disabilities or be of a consultative, informational or educational nature about mental disabilities. It is under this authorization that Community Counseling Center, Inc., operates.

It is the intent of the law that an individual's eligibility to receive any public or private assistance be exhausted prior to the expenditure of state and local monies.

The Center's administrative offices are located at 249 Roosevelt Avenue, Pawtucket, Rhode Island.

The Center owns buildings at 101-103 Bacon Street, Pawtucket, R.I., which houses Children's Intensive Services, Psych Rehabilitation Services, IPS Program, Outpatient Medication Maintenance, Case Work and the Mobile Treatment Team.

The Center is an affiliate of Gateway Healthcare, Inc., a nonprofit regional corporation.

The Center is governed by a board of directors consisting of not more than 21 nor less than 15 individuals elected annually.



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Ms. A. Kathryn Power, Director  
Department of Mental Health, Retardation and Hospitals  
Barry Hall - 2  
600 New London Avenue  
Cranston, RI 02920

Dear Ms. Power:

We have performed the procedures enumerated below, which were agreed to by the Department of Mental Health, Retardation and Hospitals (MHRH) and Community Counseling Center, Inc. (Center), solely to assist the users in evaluating management's assertion about the Center's compliance with the Division of Behavioral Health's Rules, Regulations and Standards for Funding of Matching Grant Programs in Community Mental Health Centers to the Matching Grant contracts and with the financial terms and conditions contained within the Community Support, Residential and Acute Alternatives Services contracts during the fiscal year ended June 30, 2000, included in the accompanying Report on Contract Compliance. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For purposes of this engagement we tested compliance with the above-mentioned specified requirements for determining matchable revenues, allowable costs, accuracy of reported activities and any excess funding on behalf of MHRH. Based on the application of the procedures referred to above, nothing came to our attention that caused us to believe that there were instances of noncompliance with the conditions contained within MHRH's Matching Grant and Community Support and Related Services Contracts for the fiscal year ended June 30, 2000.

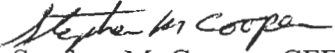
We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Ms. A. Kathryn Power, Director

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This report is intended solely for the use of MHRH and the Center and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



Stephen M. Cooper, CFE, CGFM

Chief, Bureau of Audits

February 15, 2002

SMC:pp



## DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS

COMMUNITY COUNSELING CENTER, INC.  
 STATEMENT OF REVENUES AND EXPENSES  
 FISCAL YEAR ENDED JUNE 30, 2000

	Community Support Residential, and Acute Alternatives	Adult General Outpatient	Other Programs	Total
<u>Revenues</u>				
MHRH -CSS	\$ 457,378	-	-	457,378
- AGOP	196,212	-	-	196,212
DCYF	-	-	683,109	683,109
Other Grants & Contracts	296,880	41,470	142,001	480,351
Title XIX Medicaid	4,981,023	116,844	2,851,207	7,949,074
Municipalities	60,000	-	4,376,891	4,436,891
Contributions	-	-	24,835	24,835
Resident Fees	90,214	-	-	90,214
Program Fees	27,138	404,711	14,804	446,653
Third Party Fees	26,338	93,217	38,550	158,105
Total Revenues	\$ 6,135,183	656,242	8,131,397	14,922,822
<u>Expenses</u>				
Personnel	4,090,889	512,415	4,638,814	9,242,118
Operating	1,962,510	265,757	2,740,498	4,968,765
Purchased Equipment	53,882	-	846,604	900,486
Total Expenses	\$ 6,107,281	778,172	8,225,916	15,111,369
Excess (Deficiency) of Revenues Over Expenses	\$ 27,902	(121,930)	(94,519)	(188,547)

See accompanying notes to financial information.

EXHIBIT B

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS

COMMUNITY COUNSELING CENTER, INC.  
STATEMENT OF OPERATIONS - TITLE XIX PROGRAM  
FISCAL YEAR ENDED JUNE 30, 2000

<u>Beginning Balance</u>	\$ -
	<u>7,949,074</u>
Revenues Received Designated for Programs	
<u>Revenues Applied:</u>	
Community Support and Related Services	4,981,023
Adult General Outpatient Program	116,844
Other Programs	<u>2,851,207</u>
Total Applied	<u>7,949,074</u>
<u>Ending Balance</u>	\$ <u><u>-</u></u>

See accompanying notes to financial information.

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## DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS

## COMMUNITY COUNSELING CENTER, INC.

## STATE MATCHING PROGRAM

## DETERMINATION OF OVER (UNDER) PAYMENT OF STATE MATCHING FUNDS

FISCAL YEAR ENDED JUNE 30, 2000

<u>State Funds Allocated</u>		
Adult General Outpatient Services	150,452	
Community Support, Residential and Acute Alternatives	<u>150,452</u>	<u>300,904</u>
Matchable Revenues - Fiscal Year Ended June 30, 1998		<u>1,755,889</u>
<u>Determination of Over (Under) Payment of State Funds:</u>		
State Funds Allocated (Note 2)		300,904
Deduct lesser of:		
(a) Applicable Percentage of Matchable Revenues	300,904	
(b) State Funds Allocated	300,904	
Maximum Support - lesser of A or B (Note 3)		<u>300,904</u>
Over (Under) Payment of State Matching Funds		<u>-</u>

See accompanying notes to financial information.

:SP-6c,

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS

COMMUNITY COUNSELING CENTER, INC.  
FISCAL YEAR ENDED JUNE 30, 2000

**NOTES TO FINANCIAL INFORMATION**

**Note 1 - Significant Accounting Policies**

Basis of Accounting:

The financial information is presented on the accrual basis of accounting which is in compliance with the Division of Behavioral Health Services Rules, Regulations and Standards for Funding of Matching Grant Programs in Community Mental Health Centers. Under this basis, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

**Note 2 - State Funds Allocated - Exhibit D**

These amounts represent the total of the matching grants encumbered by the Department of MHRH for the operation of Community Counseling Center, Inc.

**Note 3 - Maximum Support - Exhibit D**

State funds allocated are subject to the lesser of the following:

- A. 17.137% of the matchable revenue for the fiscal year ended June 30, 1998.
- B. The maximum state funding as determined above cannot exceed the dollar amount originally allocated for the respective fiscal year.

**Note 4 - Other Programs**

This category represents funding from sources other than MHRH - Division of Behavioral Services.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS

COMMUNITY COUNSELING CENTER, INC.  
STATE MATCHING PROGRAM  
SCHEDULE OF MATCHABLE AND NONMATCHABLE REVENUES  
FISCAL YEAR ENDED JUNE 30, 2000

State of Rhode Island

Adult General Outpatient Program

\$ 196,212

Total

196,212

Matchable Revenues

Local Communities

4,436,891

Contributions

24,835

Total Matchable Revenues (For Fiscal Year Ended  
June 30, 2002)

4,461,726

NonMatchable Revenues

Title XIX Program

7,949,074

Community Support, Residential & Acute Alternatives

457,378

Residential & Program Fees

536,867

Other Programs

1,163,460

Third Party Reimbursements

158,105

Total NonMatchable Revenues

10,264,884

Total Revenues (Exhibit A)

\$

14,922,822

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS

COMMUNITY COUNSELING CENTER, INC.  
FISCAL YEAR ENDED JUNE 30, 2000

**FINDINGS**

**Net Operations**

Net operating results for the Center's programs for the fiscal year ended June 30, 2000 are summarized below:

Revenue Excess (Deficiency) - Exhibit A

Program

Community Support, Residential, And Acute Alternatives	\$ 27,902
Adult General Outpatient	(121,930)
Other Programs	<u>(94,519)</u>
Total Revenue (Deficiency)	\$ <u>(188,547)</u>

**Community Support, Residential, and Acute Alternative**

The Community Support, Residential, and Acute Alternatives Program has revenues exceeding expenditures in the amount of \$27,902 for the fiscal year ended June 30, 2000. The Department of Mental Health, Retardation and Hospitals determine the use or disposition of excess revenues.

MHRH officials are presently allowing providers, at their discretion, to report MHRH Adult General Outpatient funding with the Community Support, Residential, and Acute Alternatives Program.

### **State Matching Program**

There was no over or under payment of state matching funds during the period reviewed (See Exhibit C).

Matchable Revenue was audited for fiscal year ended June 30, 2000 and is summarized as follows:

Municipal Revenue	\$ 4,436,891
Contributions	<u>24,835</u>
Total Matchable Revenue	\$ <u>4,461,726</u>

Funds received in the fiscal year ended June 30, 2000 will be the basis for determining state funds allocated by the Department of MHRH for the fiscal year ending June 30, 2002.

Community Counseling Center, Inc. (Center) receives payments for services provided by its school located in Cranston, Rhode Island, which is in the catchments area of its affiliate, Mental Health Services of Cranston, Johnston and Northwestern Rhode Island, Inc. (MHS). MHRH is allowing \$616,022 of the Center's matchable revenue generated in fiscal year 2000 by its school in the catchments area of MHS, to be used by MHS for matching by MHRH in fiscal year 2002. We have verified the matchable amount of \$616,022.

### **Revenue Deficiencies**

It is our understanding that each contract stands on its own and that any expenses in excess of the contracted amounts will be absorbed by the provider.

During the period audited the following MHRH-Division of Behavioral Health Services contract had a deficiency (See Exhibit A):

Adult General Outpatient	\$ (121,930)
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